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PENCE TO MEET WITH HOOSIER ECONOMISTS AT BALL STATE TOMORROW

Washington, Jan 9, 2003 - WASHINGTON, D.C. – Congressman Mike Pence tomorrow will meet with economists, professors, and students at Ball State University to discuss the economy and The American Dream Tax Relief Act of 2003, which he introduced this week. The event is open to the media.

The meeting will take place at 3:00 p.m., Friday, January 10 at the Alumni Center Boardroom at Ball State University. Members of the media are encouraged to meet Pence at 2:30 p.m. for one-on-one interviews before the meeting in the lobby of the Alumni Center. The Alumni Center is located at the corner of Tillotson & Bethel Streets.

Pence introduced the American Dream Tax Relief Act of 2003 yesterday. The bill has garnered 33 original cosponsors and is currently one of the only capital gains tax relief bills before the 108th Congress.

A summary of the American Dream Tax Relief Act of 2003 follows.

A capital gain is derived from the sale of an investment. A capital investment can be a home, a farm, a ranch, or a family business for instance. In most years slightly less than half of taxable capital gains are realized on the sale of corporate stock. The capital gain is the difference between the money received from selling the asset and the price paid for it.

The current Internal Revenue Code taxes capital gains income at a series of different rates, ranging from 28%-8%, depending on such factors as the type of disposed property that produced the gain and the length of time the property had been owned by the taxpayer. There is a provision that excludes 50% of the gain from the sale or exchange of certain small business stock held for more than five years from capital gains income (Section 1202 property).

The American Dream Tax Relief Act of 2003 eliminates the complex formula currently used to determine the taxes owed on the sale of capital assets by establishing a single capital gains tax rate of 10%. The bill also retains the 50% exclusion for Sec. 1202 property and would tax the sale of such property at 5%.